

INSTRUCTIONS FOR COMPLETING THE TAX AND WAGE ADJUSTMENTS FORM

The Employment Development Department Tax and Wage Adjustments Form (DE 678) is used to make changes to the Annual Reconciliation Statement (DE 7), the Quarterly Wage and Withholding Report (DE 6), and the Payroll Tax Deposit (DE 88). The Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) and the Report of Wages for Employer of Household Workers (DE 3BHW) can also be adjusted with this form.

Complete the DE 678: If you are filing a claim for refund, adjusting the subject wages or taxes, adjusting Personal Income Tax (PIT) wages or PIT withholding, or correcting employee(s) Social Security Number (SSN) or name.

To help clarify when EDD should be notified of adjustments and how to make adjustments, refer to the following chart.

TYPE OF ADJUSTMENT	HOW TO MAKE ADJUSTMENT	FORM TO USE
Underpaid taxes and/or withholding on the DE 88 prior to filing the DE 7	File a DE 88 and pay delinquent amounts, plus penalty and interest.	DE 88
Overpaid taxes and/or withholding on the DE 88 prior to filing the DE 7	Reduce the fund on next DE 88. (Do not show credits on the DE 88.) Note: If next deposit is not in the same reporting year, do not adjust. The overpayment will be refunded when the DE 7 is filed	DE 88
The wrong amount allocated to specific funds on the DE 88	EDD will make the necessary adjustments when the DE 7 or is filed.	No form required
Overpaid taxes and/or withholding and you do not want to apply the amount towards your next deposit	File a DE 678 requesting a refund. Note: This is for a refund PRIOR to filing the DE 7.	DE 678, complete Sections I, II, III, and IV.
Provided incorrect information on the DE 7	File a DE 678 with correct information and payment, if required.	DE 678 complete Section I, III, and IV. If taxes are due send payment with DE 88.
The wrong SSN or name reported for employee on DE 6	File a DE 678 with the correct SSN or name.	DE 678, complete Sections I and V.
No SSN reported for employee on the DE 6	File a DE 678 with the correct SSN.	DE 678, complete Sections I and V.
Wages and/or PIT withholding on employee(s) never reported to EDD on the DE 6	File a DE 678 with the unreported employee(s), their wages, and/or PIT withholding.	DE 678, complete Sections I and V. If DE 7 has been filed, also complete Section III.
Reported incorrect wages and/or PIT withholding on employee(s) previously reported to EDD on the DE 6	File a DE 678 with the correct employee information, wages, and/or PIT withholding.	DE 678, complete Sections I and V. If DE 7 has been filed, also complete Section III.

To complete the Tax and Wage Adjustments Form (DE 678), provide the following information:

SECTION I: Name or DBA, address, employer account number, and tax year to be adjusted. Also, provide the reason for the adjustment or refund.

SECTION II: If you are requesting a refund of overpaid taxes before the DE 7 has been submitted. Enter the Payroll Date, Year and Quarter, and the Amount Previously Paid on the original DE 88.

SECTION III: If you are requesting a refund or adjusting the information provided on the Annual Reconciliation Return.

Please provide the following information:

Item A: If you are only adjusting the total subject wages paid during the calendar year, enter the correct amount that should have been reported.

Items A through E: For all other adjustments, enter the amounts you should have reported on the DE 88, or the DE 7.

Item F: Enter the subtotal of taxes you should have reported.

Item G: Enter the total taxes paid.

Item H: Enter the total taxes due or overpaid (the difference between Item F and Item G). If taxes are due, enclose a DE 88 and payment with this form. If taxes are overpaid, a refund will be issued.

Answer the question that relates to the Quarterly Wage and Withholding Report. This information is used to verify the correction to the taxes paid, did not affect the individuals reported on the DE 6.

SECTION IV: This information is necessary to allow State Disability Insurance (SDI) or California Personal Income Tax (PIT) credit or for a refund to be issued.

SDI and PIT deductions are employee contributions. The EDD cannot refund these contributions to you unless you first refund the erroneous deductions to the employee(s).

You may claim a credit or refund of PIT overwithheld from an employee's wages when the excess amount is credited or refunded to the employee during the same calendar year and the excess amount is not shown on the Form W-2 issued to the employee. If you paid EDD more than the amounts withheld from an employee's wages, and you want a refund, you can adjust the amount reported on this form.

If you have issued a Form W-2, the employee will receive a credit for the overwithholdings when filing his/her California Resident Income Tax Return (Form 540) with the Franchise Tax Board. Do not refund PIT overwithholdings to the employee. Do not change the California PIT withholding amount shown on the Form W-2. Do not file a claim for refund with EDD.

SECTION V: If it is necessary to add or adjust information that was previously reported on the DE 6, complete this section of the DE 678.

Note: You may adjust more than one quarter on the form as totals per quarter are not required.

TYPE OF ADJUSTMENT	HOW TO CORRECT OR ADD INFORMATION
The wrong SSN or name reported for employee	For each correction: 1. Enter the quarter, incorrect SSN, employee full name, and enter zeros in total subject wages, PIT wages, and PIT withheld. 2. Enter the quarter, correct SSN, employee full name, total subject wages, PIT wages, and PIT withheld.
No SSN reported for employee	For each correction: 1. Enter the quarter, all zeros (000-00-0000) for SSN, employee full name, and enter zeros for total subject wages, PIT wages, and PIT withheld. 2. Enter the quarter, SSN, employee full name, total subject wages, PIT wages and PIT withheld.

Note: Correcting the SSN or name requires two entries.

EXAMPLE:

QUARTER 96/1	SOCIAL SECURITY NUMBER 222-22-2222	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) DON Z MITCHELL
	TOTAL SUBJECT WAGES 0.00	PIT WAGES 0.00
		PIT WITHHELD 0.00
QUARTER 96/1	SOCIAL SECURITY NUMBER 666-66-6666	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) DAVE Z MITCHELL
	TOTAL SUBJECT WAGES 5700.00	PIT WAGES 5700.00
		PIT WITHHELD 94.74

Failed to report wages and/or PIT withheld on employee(s) never reported to EDD

To add an unreported employee: Enter the quarter, the unreported employee(s) SSN and full name, total subject wages, PIT wages, and PIT withheld.

Failed to report correct wages, and/or PIT information on employee previously reported to EDD

For each correction: Enter the quarter, employee(s) SSN and full name. To correct total subject wages, PIT wages, and PIT withheld, enter correct amounts. If no change, leave field blank (do not enter zero).

Note: Correcting the wages or PIT withheld requires one entry.

EXAMPLE:

QUARTER 96/1	SOCIAL SECURITY NUMBER 333-33-3333	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) DON Z MITCHELL
	TOTAL SUBJECT WAGES	PIT WAGES 4300.00
		PIT WITHHELD 104.00

Sign and date the form.

For assistance in completing the Tax and Wage Adjustments Form or obtaining additional information, contact the Employment Tax Customer Service Office. Your local office is listed in the telephone directory in the State Government section under "Employment Development Department."